

The qsr industry

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The QSR industry is highly competitive. Dunkin' and Starbucks are the two major players, with numerous competitors opening their doors daily. All these companies are trying to take market share away from each other, with some of their locations so close in proximity that they take away business from themselves.

Depending on the volume of an existing location, the opening of a new location may actually hurt the existing location more than help the overall company. However, there are circumstances when a new location is built to hold competition off or to block competition from coming into a particular area.

Industry Overview

The QSR industry is all about customer turnover. As a QSR, Dunkin' Donuts' goal is for a customer's order to be completed in less than two minutes. Most locations require a drive through, however, it is not completely necessary. The key competitors for Dunkin' Donuts are Honey Dew Donuts, Starbucks, and Tim Hortons. Honey Dew Donuts mainly operates in the northeast, U. S. Starbucks is a global company with almost double the amount of storefronts within the U. S. than Dunkin's.

Tim Hortons predominantly operates in Canada, but they have begun opening stores within the U. S. Almost all Tim Hortons locations are franchised. The retail coffee consumer drives the industry. Today's consumer wants more options than just the original cup of Joe and a doughnut, however, they don't want too much and they want it as quickly as possible.

This sounds like an impossible feat, however this is the business that Dunkin' Donuts continues to strive in.

Suppliers

Dunkin' Donuts' suppliers have a substantial amount of power, despite the fact that Dunkin's is a large account that most suppliers would not want to lose. One of Dunkin's primary areas of focus in terms of suppliers is on its relationship with Green Mountain Coffee, the current supplier for Dunkin's K Cup.

The Dunkin' K Cup product has seen great sales since being introduced to the market in August 2011. Green Mountain has had its share of difficult economic times, however, these issues never impacted Dunkin's K Cup launch. Green Mountain has been a great supplier for Dunkin's, however, they are the only maker of the K Cup, so have a tremendous advantage over Dunkin's for this particular product. If Green Mountain were ever to decide to discontinue its relationship with Dunkin', it may be a challenge for Dunkin's to determine a new supplier for their K Cup.

An actual supplier issue that recently impacted Dunkin's was the spike in coffee costs. Since July 2010 Dunkin' has experienced a 37 percent increase in the cost of coffee. This significant increase in cost has had a negative impact on Dunkin's profit margin; their same-store sales continue to be positive, but their net income decreased by roughly one percent in the second quarter last year .